

**COMMITTEE ON FINANCE**  
**(Standing Committee of Berkeley County Council)**

**Chairman:** Mr. Jack H. Schurlknight, Council Member District No. 6

A **meeting** of the **Committee on Finance**, Standing Committee of Berkeley County Council, was held on Monday, **September 27, 2010**, in the Assembly Room of the Berkeley County Administration Building, 1003 Highway 52, Moncks Corner, South Carolina, at 6:19 p.m.

**PRESENT:** Chairman Jack H. Schurlknight, Council District No. 6; Committee Member Phillip Farley, Council District No. 1; Committee Member Timothy J. Callanan, Council District No. 2; Committee Member Robert O. Call, Jr., Council District No. 3; Committee Member Cathy S. Davis, Council District No. 4; Committee Member Dennis L. Fish, Council District No. 5; Committee Member Steve C. Davis, Council District No. 8; County Supervisor Daniel W. Davis, ex-officio; Ms. Nicole Scott Ewing, County Attorney; and Ms. Barbara B. Austin, Clerk of County Council. Committee Member Caldwell Pinckney, Jr., Council District No. 7, was absent from this meeting.

In accordance with the Freedom of Information Act, the electronic and print media were duly notified.

Chairman Schurlknight called the meeting to order.

Chairman Schurlknight: "Before we get started with the meeting, we have a group of students with us tonight from Ms. Austell's class of Berkeley High School studying government, and the students are sitting on the back row. I'd like to ask if they would stand, and let us recognize ya'll, please."

[Clapping]

Committee Member Fish: "What school was that, Jack?"

Chairman Schurlknight: "Berkeley High School, the Seniors there at the High School. I want to let the students know that after the meeting tonight, if ya'll would like to come up and interview and talk to the Council Members, ya'll are more than welcome to come up and interact with us. It would be fine. And, again, we appreciate ya'll being here tonight. Also, is there a Mr. Cameron Hill here tonight? I think the weather might have kept Cameron – Cameron is working on his badges for his Eagle Scouts, and he was going to try to be here tonight. Hopefully, he'll make it for our next meeting. He is also studying government. It's always a pleasure to see the youth getting involved this young an age into the government process and understanding the process of local, state and federal governments, because ya'll are our leaders of tomorrow. So, that's always good to see."

## **APPROVAL OF MINUTES**

Chairman Schurlknight asked for approval of minutes from a meeting of the Committee on Finance held August 23, 2010.

It was moved by Committee Member Call and seconded by Committee Member Steve Davis to **approve the minutes** as presented. The motion passed by unanimous voice vote of the Committee.

### **A. Ms. Leonitta Turner, Human Resources Director, Re: Grievance Committee Appointments:**

- 1. Robert G. McCutchen, Jr. – 04/30/2013**
- 2. Shaun Bunton – 04/30/2013**

Ms. Turner: “Each year, as you know, we have to appoint new individuals to the Grievance Committee, either because individuals are terminated, their terms end or they’re terminated from employment. And, this year, we asking that we put Robert McCutchen and Shaun Bunton on the Grievance Committee. Shaun Bunton had a short term, because he replaced someone last year, and then Robert McCutchen would be replacing Terri Hancock.

It was moved by Committee Member Steve Davis and seconded by Committee Member Fish to approve the nominations of Robert G. McCutchen, Jr., and Shaun Bunton to the Berkeley County Grievance Committee, with terms to expire April 30, 2013.

Committee Member Fish: “Mr. Chairman?”

Chairman Schurlknight: “Mr. Fish.”

Committee Member Fish: “Just out of curiosity, how often does this committee meet?”

Ms. Turner: “They only meet if they have a grievance that cannot be settled at the lower levels, and since I’ve been here, the Grievance Committee has not had to meet.”

Committee Member Fish: “Who heads up that committee?”

Ms. Turner: “The Grievance Committee is headed up by – the way it’s structured, what would happen is if someone files a grievance, they first file it with Human Resources. If it can’t be settled in at Human Resources, then it goes to the Supervisor. If

it can't be settled at that point, then we send information to Legal, and Legal would get involved, and Human Resources would get involved, and the committee itself would be the one who would do the coordination, and they would be the ones who would vote and hear the grievances."

Committee Member Fish: "Basically, with advice from ya'll and from Legal."

Ms. Turner: "That's correct."

Committee Member Fish: "Ok; thank you."

Chairman Schurlknight: "Good; and Ms. Turner, you said ya'll haven't had to meet since you've been here?"

Ms. Turner: "That's correct."

Chairman Schurlknight: "That's a good thing; that's great."

Ms. Turner: "Except for training meetings, of course."

Chairman Schurlknight: "Right; of course; any other discussion?"

There was no further discussion.

The motion passed by unanimous voice vote of the Committee.

Chairman Schurlknight: "I'm gonna skip the next thing on the agenda. We're gonna come back to that. Ms. Turner is also gonna help us with this insurance premium. Ms. Turner?"

**C. Ms. Leonitta Turner, Human Resources Director, Re: 2011 Insurance Premiums**

Ms. Turner: "Last year, as you know, we had a lot of lively discussion regarding the insurance premiums, and County Council asked us to come back each year before we make a decision on what would happen with insurance premiums. I am sorry that we always have to come at the last minute, but we don't get our information from the state until September. So, as we received the information, Denise and her team started crunching the numbers to get the information to you. You have some information in your packet, so Denise Mitchum, who's our Compensation and Benefits Professional, will give you an update on what we are doing, what the state is doing and our recommendations. Denise?"

Ms. Denise Mitchum: "Thank you very much. In your packets, there should be three documents: a staff summary, the 2011 insurance options and a small Powerpoint

presentation that's on the front and back. Last year when this issue was brought to Council, it was agreed that Council wanted to cut insurance costs, but they did also want to provide employee only insurance free to employees. So, the route that was taken last year was for Council to pay the entire employer cost, plus what employee only coverage was for the middle-of-the-road plan, which is the Blue Cross & Blue Shield Standard Plan. If you look at the 2011 insurance options page, it will show you, basically, in the highlighted box, it tells you what the employer's required to pay from the State of South Carolina to keep our insurance coverage with them. Those rates have gone up this year. In fact, they've gone up across the board for employers, as well as employees, a minimum of 10.3 percent across the board. And then, because we're a local subdivision, we have an experience rating that is attached to that 10.3 percent, and our experience rating is 1.125 in addition to the 10.3. In the budget for this year, it was budgeted for a 15.3 percent increase. We will be coming in under budget if you decide to go with the requested option. It will come in at about 12.5 percent, rather than 15.3."

Committee Member Steve Davis: "Did the new – any new health law that they got all this controversy out of DC – how did this impact the premium increases, if any?"

Ms. Mitchum: "Well, a couple of things changed for 2011 with the Healthcare Reform Act. This is going to be phased in over four years. For 2011, the two changes that were made that would impact us – one is that the insurance plan will allow previously uncovered dependents aged 19 to 26 back under our health insurance plans without any proof that they're a student in college. Because we're a grandfathered plan, they, actually, can be a married student or they can be married. They can be living away from the parents, not financially dependent on the parents. That's one big change. The other..."

Committee Member Steve Davis: "And that's a change in reference to this COBRA scenario we used to be in where the parent would have to pay a traditional increase by way of COBRA to insure that child that was 22, 23, 24, 25 or 26?"

Ms. Mitchum: "Yes, Sir; that is correct. That will eliminate a lot of the COBRA necessities for parents who are having to take their children off at age 22, 23, 24."

Committee Member Steve Davis: "I didn't mean to cut you off, but – and the second major change?"

Ms. Mitchum: "The second major change was the fact that we no longer will have a cap on the maximum life-time benefit. As it stands right now, it's \$2,000,000 per life time for any participant. It's going to go to – there's no cap – it's going to no cap."

Committee Member Steve Davis: "And the thick of that is that if someone is diagnosed with cancer, and \$2,000,000 can't address the medical treatment, under this process, now, this new health reform, the insurance carrier is required to continue to pay for whatever treatment costs that is necessary?"

Ms. Mitchum: "Yes, Sir; you are correct."

Committee Member Steve Davis: "You think that's a good thing?"

Ms. Mitchum: "Well, I – you know, there are points for and against. If my family member was in that predicament, I certainly would want to have that coverage."

Committee Member Steve Davis: "I mean, you could plead the 5<sup>th</sup> Amendment; that's good."

Ms. Mitchum: "I plead the 5<sup>th</sup>."

[laughter]

Committee Member Steve Davis: "Thank you."

Chairman Schurlknight: "We have any other questions?"

Committee Member Callanan: "Yeah, Mr. Chairman?"

Chairman Schurlknight: "Mr. Callanan."

Committee Member Callanan: "The employee actual is – it's about – I mean, actually, the employee actual doesn't cost any money, but it's costing us an extra \$5.00 per employee, correct? Am I reading that right?"

Ms. Mitchum: "If – yes, Sir; if you all accept the increase from last year's experience rating, which was 1.070 to this year's, there would be an additional \$5.14 responsibility that the County will accept."

Committee Member Callanan: "Per?"

Ms. Mitchum: "Per employee, per month."

Committee Member Callanan: "Per month, ok; and the – but for the employees with children, it seems to look the same. It just may be an extra \$5.00 per. Am I right on that?"

Ms. Mitchum: "Yes, Sir; you would be correct. There actually has been a slight..."

Committee Member Callanan: "Ok; I mean, so that's good news."

Ms. Mitchum: "...decrease. It is good news; it is great news."

Chairman Schurlknight: "Any other question."

Supervisor Daniel Davis: “Mr. Chairman, I just want to make a comment that, you know, last year, we went through discussions of self-insurance, getting away from the state plan and looking at other options, which includes self-insurance and other options. Recently, we had a meeting through the Council of Governments where the County Administrators of Dorchester and Charleston were present and myself. And, the notion came up too, because they are all having similar problems with state insurance. And, the GASBY 45 issue is a big part of that, and so, we have agreed, and now, Nita and Denise have begun meetings with the HR Directors in both of those counties with the idea of looking at a possibility of the three counties forming a self-insurance pool and would allow us to get away from the state plan and give us more options. It’s just a study at this point. It’s just barely gotten off the ground, but I just wanted to let you know that’s going on. That may be a viable option for us in the future.”

Chairman Schurlknight: “Good; thank you.”

Ms. Turner: “And Councilman Schurlknight, I also want to say that it could be self-funded or fully funded, but it would be program that would be controlled by us, and that would give us more flexibility with the benefits we have, more flexibility with the costs that we have. One of the things that you – you will get more information from us, because if we are working together across the counties, we’ll have to make sure that we’re using the same consultants, etc. At this point, in Berkeley County and Dorchester, they do have the same consultants. We’re both ahead of Charleston. They’re just starting to look at this issue, but we have to make sure that we’re all looking at apples to apples.”

Committee Member Callanan: “Mr. Chairman?”

Chairman Schurlknight: “Mr. Callanan.”

Committee Member Callanan: “This wouldn’t be anything that could be done, probably, by next year, right? I mean, the concern I have is my understanding is that if we move out of this plan, we lose our grandfather status and then, we become subject to the costly and onerous mandates of the Obama care system. Is that a concern, because right now, we’re not, which there’s a couple of things that we have to comply with, but for the most part, we do not, since we’re under a grandfather plan. If we give up that grandfather status wouldn’t we open ourselves up to greater, greater mandates and cost?”

Ms. Turner: “My opinion would be that we would not, and I’ll tell you why. One of the things with the Healthcare Reform Act, if people are now receiving the type of healthcare that they want, they will be able to go to the exchange agencies in the future. And, if the County’s insurance is not at the level of some of the new insurance policies that are out there, then the employees can choose to either leave or take and buy their insurance elsewhere. And, if they buy their insurance elsewhere, we have to pay part of that premium. And so...”

Committee Member Callanan: “Would that be more or less? I mean, my concern is with regards to cost and the cost to the taxpayers.”

Ms. Turner: ...and the cost is going to hit us anyway, because where the grandfather plans come in – there are some things that are grandfathered, but one of the biggest costs that always comes is who you are adding on to your policy and also what your stop gap loss is. As Denise said earlier, now, we have to add people on until age 26. We also have to have no limits. And, coming in 2014, by that time, there will be other additional things that are there. So, whether we stay with the state plan or whether we leave the plan, it is going to go up. As we see, this year it went up over 12 percent, and so, it’s going to continue going up no matter which way we do it, but we can control our costs more, because we can put in wellness care, we can put up our own fiduciary responsibilities. So, you have to look at all portions of the plan. It’s more one of those kind of wait and see attitudes, but from what I’ve looked at both sides, I think it could be a win/win, which is worth being careful on the kind of plan you create. But, especially if you create your own self-funded plan, you end up having more control of your plan.”

Committee Member Callanan: “And, the other thing that come up is the a – the other increase, which I necessarily don’t have a problem with is the increase in the surcharge for smokers. You know, it’s kind of the unhealthy lifestyle choices that people make. Is there anything with regards to, I mean, because we offer smoking cessation programs, and I’m sure we offer some sort of healthy lifestyle nutrition. That sort of programs are out there as well.”

Ms. Turner: “That’s right.”

Committee Member Callanan: “Is there any sort of surcharge there for obesity or – because, quite frankly, I honestly think that probably cost the average premium payer more money than a smoker does.”

Ms. Mitchum: “Mr. Callanan, they are looking at the BMI issues, the body fat index. This year, in the state health plan, they’ve instituted a wellness program that targets cardiovascular disease, diabetes and other related illnesses that are really high pay-out factors for the state. And, they are asking people to do a health risk questionnaire. They are asking them to speak with a health coach, and they are asking them to take the first steps. Now, the state doesn’t have the biggest, or they’re not utilizing all avenues to control these things. If we’re on a plan of our own, we could pursue it from two different directions. We could do wellness programs, but we also could do a disease management program, depending on where all of our dollars are spent.”

Committee Member Steve Davis: “Mr. Chairman, just one last response is, they brought up Obama care, but this is what I do know. If we move away from the state plan, then, in relationship to what our Supervisor shared with us, it would create an opportunity that we can entertain a larger pool than what currently exists, because of our state’s failure to join that pool. Nod me, yes?”

Ms. Mitchum: "Yes, Sir."

Committee Member Steve Davis: "Thank you very much."

Chairman Schurlknight: "Thank you. Any other questions?"

Committee Member Call: "Mr. Chairman?"

Chairman Schurlknight: "Mr. Call."

Committee Member Call: "Will we be able to get rid of that FBMA, whatever that care is?"

Ms. Turner: "Not this year."

Committee Member Call: "Ok; thank you."

Chairman Schurlknight: "Thank you."

Committee Member Steve Davis: "I move that – do we have to do anything with the premium increase or that will happen, because it's budgeted?"

Committee Member Steve Davis: "I move that we accept the increase, I think she said about 12 point..."

Ms. Mitchum: "Around 12.5 total, but the actual increase per employee per month, if Council does as they did last year, would be \$5.14 more per person per month."

Committee Member Steve Davis: "I move that we do that as we consistently done last year, and I ask this Council to adopt it."

Committee Member Fish: "I second that motion."

The motion passed by unanimous voice vote of the Committee.

Chairman Schurlknight: "Thank ya'll."

Ms. Mitchum: "Thank you very much."

**B. Consideration of a resolution** in support of the issuance by the **South Carolina Jobs Economic Development Authority** of its Revenue Bonds (Medical Society of South Carolina), Series 2010, pursuant to the provisions of Title 41, Chapter 43, of the Code of Laws of South Carolina, 1976, as amended, in the aggregate principal amount of not exceeding \$30,000,000.



It was moved by Committee Member Callanan and seconded by Committee Member Steve Davis to approve consideration of a resolution in support of the issuance by the SC JEDA of its Revenue Bonds, Medical Society of South Carolina, Series 2010, in the aggregate principal amount not to exceed \$30,000,000.”

Committee Member Callanan: “I’m assuming this, yes, Sir?”

Chairman Schurlknight: “Yes, Mr. Callanan.”

Committee Member Callanan: “Is this the Trident Tech issue? What is this?”

Chairman Schurlknight: “No, this is – Ms. Ewing, would you like to – this is a refinance.”

Ms. Nicole Scott Ewing: “It’s the Medical Society of South Carolina. Back in 2007, this issue was before County Council, and they approved it. The bonds are required to have a Public Hearing at the local level and to be approved by the local governing body. They are refinancing their bonds, so they’re asking that we hold a Public Hearing and adopt the resolution again.”

Committee Member Callanan: “Ok; I don’t have a problem with it. What happened with the Trident Tech thing. I thought it was going to be on the agenda for the next Finance Committee. Is it on just the Regular Council?”

Ms. Ewing: “We are still trying to figure out what we exactly we need to do internally to get – whether it needs to be a resolution or anything like that, and we haven’t hammered that all out yet, but I’ve spoken with Trident Tech, and I believe the Finance Director has spoken with Trident Tech and let them know that we’re working on it, that the commitment has been documented in the minutes, and they’re secure as far as they’re concerned.”

Committee Member Callanan: “Thank you.”

Chairman Schurlknight: “And, that’s already been reported out of Committee, hadn’t it, for Trident Tech?”

Ms. Ewing: “Yes.”

Chairman Schurlknight: “Yes, that was reported out the same night; good. Any other questions?”

The motion passed by unanimous voice vote of the Committee.

It was moved by Committee Member Fish and seconded by Committee Member Steve Davis to **adjourn** the meeting of the Committee on Finance. The motion passed by unanimous voice vote of the Committee.

Meeting adjourned at 6:39 p.m.

October 25, 2010  
Date Approved